

1 July 1, 2019  
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United States Court  
Southern District of Texas  
JUL 08 2019  
David J. Brinkley, Clerk of Court

8 US District Court, Southern District  
9 ) Case No.: 3:19-cv-00160  
10 US Federal Trade Commission )  
11 Vs. )  
12 Doug Monahan and iBackPack of Texas, LLC )

13 AFFADAVIT SUPPORTING  
14 MOTION TO DISMISS

15  
16 This is a simple case of unexpected and unforeseen circumstances adversely affecting a start-up business  
17 called iBackPack of Texas, LLC. It was founded by an Austin, Texas extremely successful entrepreneur  
18 Doug Monahan. His first company, Sunset Direct, Inc, a high-tech outsourced sales firm, was started on  
19 personal credit cards as its venture – went on to gross \$20 M annually. Monahan sold his 100% interest in  
20 Sunset in 2005.

21 Monahan believed a high-tech backpack would be a good product. He created a website, preliminary  
22 designs and loaned \$500k to iBackPack of Texas, LLC. for start-up capital and began aggressively  
23 advertising the coming iBackPack. Monahan was planning on raising \$2.5 m via traditional vc firms. Crowd  
24 Funding site Indiegogo approach Monahan and convinced him to raise money in the yet unproven,  
25 controversial crowd funding website. The iBackPack raised roughly \$800k via crowd funding donations.

26 iBackPack hired twenty five designers, software engineers and successfully developed the iBackPack  
27 prototype as well as 15 high tech add-ons such as 8 different lithium ion batteries, modems, fans, and other  
28 products. The iBackPack and all accessories were shipped to the FTC as well as over 100 Beta testers.  
29 Lithium ion batteries had unexpected issues. Monahan and iBackPack lined up manufacturing facilities, has  
30 videos showing products in products and readied itself to ship. However, in September 2016, Samsung,  
31 HP, Panasonic, Dell, IBM recalled millions of the batteries, writing off over \$15 billion due to fires, and  
32 unexpected explosions. October through May 2017, Battery pricing skyrocketed, shipping of lithium ion  
33 batteries more than quadrupled coupled with major restrictions. American Airlines, United and 15 others  
34 banned high-tech luggage from flights.

36 May of 2017, Monahan was admitted to Austin Hospital ICU for over thirty days. He had life-threatening  
37 pulmonary embolisms (blood clots) where he underwent four major surgeries including full hip replacement,  
38 a near amputation of leg, multiple skin grafts and more. His hospital bill totaled \$414k – none paid for with  
39 iBackPack funds. Today, Monahan is physically handicapped, out the half a million he invested, being sued  
40 by the FTC and struggling financially and with his health.

41

42 There was never any intent to deceive as the FTC claims. Those who contributed to the iBackPack  
43 understood there were high risks, realized they were not purchasing any product, and made their  
44 contributions knowingly and willingly without undo pressure. All contributions were via internet. Please  
45 dismiss this case. It is poor use of the court and government resources.

46 Respectfully submitted,

A handwritten signature in black ink, appearing to read "Doug Monahan". It is written in a cursive style with a long horizontal line extending to the right from the end of the signature.

47 \_\_\_\_\_  
48 Doug Monahan)

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51

52 For:

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